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GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

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Governor Granholm Signs Budgets that Invest in Education and Economic Growth

State Spending Reduced by Another \$540 Million

LANSING – Governor Jennifer M. Granholm today signed several fiscal year 2005 appropriations bills into law. The bills invest in education and economic growth, while at the same time help reduce total state spending for the coming year by another \$540 million. Since the Governor took office, she has reduced government spending by about \$2 billion.

The Governor's action today boosts education funding, increasing in the minimum per-pupil foundation allowance for K-12 education to \$6,700. The new budget also holds the line on college tuition for students and their parents by offering incentives to state universities and community colleges to keep tuition increases even with the rate of inflation.

"We have a fiscally responsible budget that has reduced state spending while investing in education and economic growth, all of which will make Michigan stronger for the future," said Governor Granholm. "We have strengthened our quality of life by increasing funding for our public schools; keeping higher education affordable; improving our job climate; and protecting our environment."

Among the budgets signed today are those for the Departments of Agriculture, Environmental Quality, Labor and Economic Growth, and Transportation. Also signed today was the supplemental appropriations bill and the budgets for Community Colleges, Higher Education, and the School Aid Fund.

K-12

The budget to support K-12 education totals \$12.5 billion – the largest single budget in the state. Senate Bill 1069 represents an increase of more than \$150 million over current year spending.

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This budget demonstrates that education remains Governor Granholm's top priority. In the face of continued budget pressures and declining state revenues, the budget succeeds in increasing the minimum per-pupil foundation allowance for school operating purposes to \$6,700, at a cost of \$9.6 billion. We have protected state funding for academically at-risk children at \$314.2 million; maintained School Readiness preschool grants at \$72.8 million; and have continued our commitment to early literacy programs by appropriating \$3.3 million for Great Parents, Great Start. Lastly, the K-12 budget also provides over \$900 million in state funding for special education programs.

"Increasing support for our public schools in the face of enormous revenue shortfalls is the crowning achievement of this budget cycle," said Governor Granholm.

Higher Education

Senate Bill 1067 includes funding in the amount of \$1.7 billion. This includes state university operations funding of \$1.4 billion – and keeps the state's commitment that those universities exercising tuition restraint will have 3 percent of their fiscal year 2004 reduction restored and retain this same level of funding in the coming year.

Additionally, \$191 million is provided for student scholarships and grants, including: \$61.4 million to fund Michigan Merit Awards; \$61.8 million for tuition grants for students attending private colleges; \$35.6 million for state competitive scholarships; \$10.3 million for grants under the Tuition Incentive Program; and \$4 million to continue the nursing scholarship program.

The legislation also includes \$33.2 million for the Agricultural Experiment Station and \$28.6 million for Cooperative Extension Service, which are part of Michigan State University, as well as \$2.7 million for grants available to public and private institutions under the King-Chavez-Parks programs to encourage minority enrollment in higher education.

"By keeping tuition increases to a bare minimum, we can ensure that higher education will be more affordable and accessible for students and their families," said Governor Granholm. "Michigan's economy will flourish because more and more students will complete their college education."

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Community Colleges

Senate Bill 1062 funds Michigan's 28 community colleges at a level of \$285.7 million for 2005. This amount includes operations funding of \$280 million, which keeps Michigan's commitment to reimburse those institutions that have exercised tuition restraint. It is expected that every community college will exercise tuition restraint for the coming year. The budget also includes \$3.3 million for the at-risk student success program to assist students who are academically at-risk.

Labor and Economic Growth

House Bill 5521 will provide over \$1.2 billion, \$94.5 million in general funds, for job creation, workforce development, and regulatory functions.

Key provisions of the bill focus over \$810 million on workforce development and job training to help Michigan workers prepare for jobs; over \$104 million for the Bureau of Workers and Unemployment Compensation; \$30 million for the Life Sciences Initiative; and over \$330 million for the regulation of financial and insurance services, liquor control, occupational regulation, broadband development, and housing development.

"This budget will allow Michigan to become an economic powerhouse by attracting and retaining good jobs," said Governor Granholm. "Whether it's training Michigan workers, increasing research opportunities from the Technology Tri-Corridor, or streamlining our permitting system for businesses, we will continue to grow Michigan's economy."

Environmental Quality

The total budget for the Department of Environmental Quality is \$341.6 million; the general fund portion is \$28.7 million. Senate Bill 1066 protects public health and preserves our natural resources by providing over \$140 million for grants to local governments for cleanup and pollution prevention efforts while \$145 million will be used for land, water, and air quality programs.

Transportation

The budget for the Department of Transportation provides nearly \$3.3 billion for rebuilding, repair and maintenance of Michigan's roads and bridges, as well as key intermodal and public transportation programs. House Bill 5528 includes over \$2.6 billion in road and bridge construction; \$12.8 million of additional funds dedicated for critical bridge repairs on

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local roads (coupled with House Bill 5319); and \$272.8 million for public transit programs, including \$176.3 million for bus operating assistance grants to local transit agencies.

Agriculture

The total budget for 2005 provides \$126.1 million to support the agricultural, environmental and food safety responsibilities of the department. House Bill 5509 includes federal funding of \$25.2 million for the Emerald Ash Borer program for survey and eradication activities in the state. The legislation also contains \$5.5 million to continue the state's efforts to contain the spread of bovine tuberculosis in Michigan.

Supplemental

The supplemental appropriations bill represents an integral part of the final budget agreements reached with the Legislature and allows the state to save \$16.8 million general fund in fiscal year 2004. House Bill 5527 also includes funding to cover payments in lieu of taxes (PILT) to local communities for state-owned land.

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